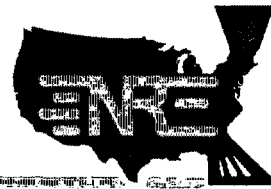


NATIONAL RAILWAY EQUIPMENT CO.



HOME OFFICE: 14400 S. ROBEY STREET · P. O. BOX 2270 · DIXMOOR, ILLINOIS 60426
TELEPHONE (708) 388-6002 · FAX (708) 388-2487

December 14, 2006

RECORDATION NO. 26698 FILED

DEC 15 '06

11-25 AM

SURFACE TRANSPORTATION BOARD



Hon. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, DC 20423-0001

Attn: Equipment Recordation

To Whom It May Concern:

I have enclosed for recordation, pursuant to the provisions of 49 U.S.C. 11301, an original and one counterpart of the memorandum of lease agreement and the schedule of equipment for a locomotive lease agreement dated September 20, 2006, a primary document under the Board's recordation regulations.

The names and addresses of the parties to the enclosed document are as follows:

Lessor: National Railway Equipment Co.
14400 S. Robey St.
Dixmoor, IL 60426

Lessee: Athabasca Northern Railway Ltd.
740 Rosser Avenue
Fourth Floor
Brandon, Manitoba R7A 7B2

A description of the equipment covered by the Lease Agreement is as follows:

Two EMD SD40-2 Special Duty Locomotives, bearing road #'s 5607, 5665

A short summary of the document to appear in the index is as follows:

"Locomotive Lease Agreement"

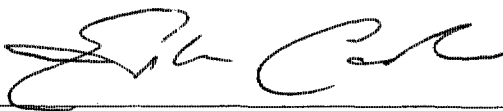
Also enclosed is a check in the amount of \$34 payable to the Surface Transportation Board to cover the required recordation fee for the attached agreement.

Please date stamp and return an original copy after recordation to:

Ethan Crooks
National Railway Equipment Co.
14400 South Robey Street
P.O. Box 2270
Dixmoor, IL 60426

Sincerely yours,

NATIONAL RAILWAY EQUIPMENT CO.

By: 
Ethan Crooks

MEMORANDUM OF LEASE AGREEMENT

THIS MEMORANDUM OF LEASE AGREEMENT is made and entered into as of September 20, 2006, by and between NATIONAL RAILWAY EQUIPMENT CO. ("Lessor"), and ATHABASCA NORTHERN RAILWAY LTD. ("Lessee"), with reference to the following:

RECORDATION NO. 26698 FILED

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11-25 AM

SURFACE TRANSPORTATION BOARD

1. Lessor has agreed to lease to Lessee, and Lessee has agreed to lease from Lessor, Locomotive model(s) described herein.

Each locomotive is fully-described in a certain Lease Agreement dated as of September 20, 2006, (together with all of the riders, schedules and other attachments thereto, collectively, the "Lease"), each between Lessor and Lessee. A Schedule of the equipment is attached hereto.

2. The Lease shall be effective as of the date hereof and shall be subject to the term specified in the Lease, and any extension of such term to the extent provided for in the Lease.

The Memorandum of Lease Agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one Memorandum of Lease Agreement.

IN WITNESS WHEREOF, the parties hereto have executed or caused this Memorandum of Lease Agreement to be executed as of the date first above written.

LESSEE:

ATHABASCA NORTHERN RAILWAY LTD.

By: 

Name: DOUG PHILLIPS

Title: ASSET MANAGER

LESSOR:

NATIONAL RAILWAY EQUIPMENT CO.

By: 

Name: James M. Wurtz, Jr.

Title: Vice President

PROVINCE OF MANITOBA
STATE OF _____)
COUNTY OF CANADA) SS.

On this 19th day of September, 2006, before me appeared Doug Phillips, the person who signed this instrument who acknowledged that (s) he is the Asst Manager of Alnabasca Northern Railway Ltd. and that, being duly authorized, (s) he signed such instrument as a free act on behalf of said corporation.

Kelly Lynn Dickson

Notary Public

[Seal]

My Commission Expires:

Not Applicable.

Kelly Lynn Dickson
Barrister and Solicitor
Province of Manitoba
363 - 10th Street
Brandon, Manitoba
R7A 4E9

STATE OF ILLINOIS)
COUNTY OF WILL) SS.
COOK

On this 22nd day of September, 2006, before me appeared James M. Wurtz Jr., the person who signed this instrument who acknowledged that (s) he is an officer of **NATIONAL RAILWAY EQUIPMENT CO.** and that, being duly authorized, (s) he signed such instrument as a free act on behalf of said corporation.

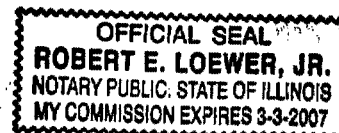
Robert E. Loewer, Jr.

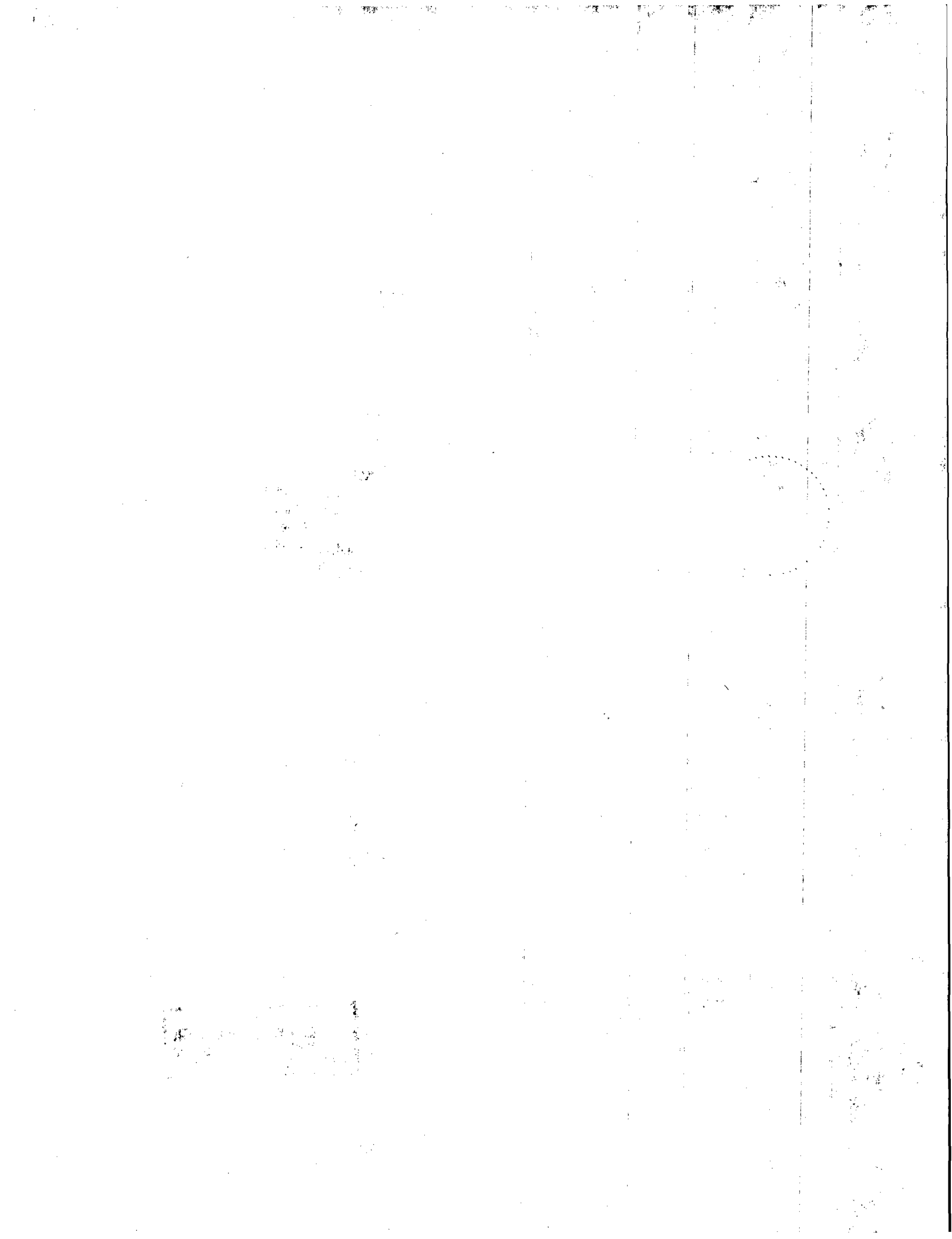
Notary Public

[Seal]

My Commission Expires:

3-3-2007





SCHEDULE "A"

Attached to and incorporated into the Lease dated the 20th day of September, 2006 by and between the National Railway Equipment Co. (LESSOR) and Athabasca Northern Railway Ltd. (LESSEE). All prices shown in this Locomotive Lease Agreement are in U.S. funds.

Type and General Description of Locomotive Unit, Marks and Numbers:

UNIT NO.	TYPE	GENERAL DESCRIPTION
NREX 5607	EMD	SD40-2 Special Duty Locomotive
NREX 5665	EMD	SD40-2 Special Duty Locomotive

SCHEDULE OF EQUIPMENT

Lessor: NATIONAL RAILWAY EQUIPMENT CO.

Lessee: ATHABASCA NORTHERN RAILWAY LTD.

Approved by: 
(Lessee to initial each page)

Attached to Bill of Sale dated:

Equipment Located at:

Lessor's manufacturing facility in
Capreol, Ontario

Equipment Schedule No.: See Schedule "A"

Manufacturer and/or Vendor
Name & Invoice Number

Equipment
Description

National Railway Equipment Co.

EMD SD40-2 Special Duty Locomotives

